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December 22, 2014

*Via Electronic And
United States Mail*

Federal Election Commission
Office of Complaints &
Legal Administration
Attn: Ms. Mary Beth deBeau.
999 E Street, NW
Washington, D.C. 20436

Re: *AR 14-03; Response of Jorge
Canseco And Inmuebles Caza*

Dear Ms. deBeau:

This letter is submitted in response to notification letters sent to Mr. Jorge Canseco and Inmuebles Caza S.A. de C.V. ("Inmuebles Caza") by the Federal Election Commission. Those notification letters concern Francisco Canseco's campaign for the 23rd Congressional District, known as "Canseco For Congress" ("CFC").

This proceeding concerns funds paid to Francisco Canseco from Canseco Investments, Ltd. and Inmuebles Caza in the form of loans represented by promissory notes. The Final Audit Report in this matter indicates that the proceeds were contributed to CFC, and concludes that the proceeds constituted an improper contribution by a foreign national, Inmuebles Caza.

In fact, a family of American citizens owns and controls Inmuebles, which they use to hold certain inherited real estate interests located in Mexico.¹ It is not remarkable that Texas citizens with real estate interests in Mexico hold those investments through an entity formed under Mexican law, such as Inmuebles Caza.

Ninety-nine percent of Inmuebles Caza is owned by Canseco Investments, Ltd.² Canseco Investments is a limited partnership organized under Texas law. The limited partnership is

¹ These facts are explained in the Affidavit of Jorge Canseco submitted to the Federal Election Commission by CFC's counsel. A copy of that affidavit accompanies this letter.

² Jorge Canseco, a United States citizen, owns the remaining one percent of Inmuebles.



owned by Francisco Canseco and his seven brothers and sisters, either directly or through U.S. entities they own.³ All of the Canseco family members who own interests in Canseco Investments are U.S. citizens and reside in Texas, Colorado, New York, or California. They employ Canseco Investments to hold their interests in Inmuebles Caza, which they acquired by inheritance.

Inmuebles Caza is managed in San Antonio, Texas, and maintains one or more bank accounts in that city. The funds advanced to Francisco Canseco came from Inmuebles Caza's account because Canseco Investments does not maintain a separate account. Nonetheless, the ultimate equitable owners of the funds are the members of the Canseco family, including Francisco Canseco. As CFC has contended in this matter, the loans in question in effect were distributions of funds that Francisco Canseco equitably owned. As such, they should be treated as the candidate's own funds under 11 C.F.R. § 100.33(a).

In some contexts, Inmuebles Caza would be considered a citizen of the United States. *See, e.g., Universal Licensing Corp. v. Paola del Lungo S.p.A.*, 293 F.3d 579, 581 (2d Cir. 2002) ("For diversity purposes, a corporation is deemed to be a citizen both of the state in which it has its principal place of business and of any state in which it is incorporated."). While diversity jurisdiction is analyzed under a different statutory framework, this illustrates that citizenship need not be determined solely by the place of incorporation.

Analogously, the FEC should consider the substance of the transactions at issue here. This matter does not concern an effort by a truly foreign corporation to improperly influence a U.S. election. Instead, the FEC should recognize that the underlying transactions were carried out by members of a family of U.S. citizens and resulted in Francisco Canseco effectively receiving his own funds from a family-owned entity. Neither Jorge Canseco nor Inmuebles Caza intended to make an unlawful campaign contribution, and the transactions at issue should not be deemed improper. We accordingly contend that the FEC should take no action with respect to Mr. Canseco or Inmuebles Caza.

Please contact me if you require additional information regarding this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jonathan D. Pauerstein".

Jonathan D. Pauerstein

³ For example, Jorge Canseco's limited partnership interest in Canseco Investments is owned by Heron, Ltd., a family limited partnership comprised of him, his wife, and trusts for the benefit of his children.

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